

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8086

BILL NUMBER: SB 426

DATE PREPARED: Jan 16, 2001

BILL AMENDED:

SUBJECT: Salaries of Court Officers.

FISCAL ANALYST: Mark Goodpaster

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FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues		7,454,100	7,454,100
State Expenditures		2,030,452	4,060,904
Net Increase (Decrease)		5,423,648	3,393,196

LOCAL IMPACT	CY 2001	CY 2002	CY 2003
Local Revenues	465,881	931,763	1,397,644
Local Expenditures			
Net Increase (Decrease)	465,881	931,763	1,397,644

Summary of Legislation: This bill increases the state-paid salary of judges, prosecuting attorneys, certain deputy prosecuting attorneys, and state-paid magistrates. It establishes a Records Management Fee and a Court Management Fee and provides for the collection of these fees in criminal and civil actions. It provides for the deposit of Records Management Fee revenue in the court clerks' Record Perpetuation Funds and the deposit of Court Management Fee revenue in the state General Fund. It provides that money in a clerk's Record Perpetuation Fund may be used for any document management purpose.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill provides for additional state expenditures for the salaries of

judges, prosecuting attorneys, certain deputy prosecuting attorneys, and state-paid magistrates. The bill also provides for increased revenues from the implementation of a Court Management Fee. *Projected new revenues are greater than the estimated new expenditures resulting in projected additional net revenues to the state General Fund of \$5.4 M in FY 2002, \$3.4 M in FY 2003, \$8.3 M in FY 2004, and \$5.8 M in FY 2005, as described below.*

Background: The proposed increases would affect the salaries of 582 court officers. The salary changes would occur in a two-step process. The first increase would occur effective January 1, 2002, and the second would occur on January 1, 2004.

Their current salaries and proposed changes are shown in the table below:

	# of	Current	Proposed:	
	Officers	Salary	01-Jan-2002	01-Jan-2004
Supreme Court Justices:	5	\$115,000	\$122,500	\$130,000
Court of Appeals Judges:	16	\$110,000	\$117,500	\$125,000
Trial Court Judges:	293	\$90,000	\$97,000	\$105,000
Magistrates:	49	\$72,000	\$77,600	\$84,000
Juvenile Court Referees:	17	\$30,607	\$36,207	\$42,607
Prosecuting Attorneys				
Full-Time:	63	\$90,000	\$97,000	\$105,000
Part-Time @ 66%:	10	\$59,400	\$64,020	\$69,300
Part-Time @ 60%:	17	\$54,000	\$58,200	\$63,000
Deputy Prosecuting Attorneys				
Full-Time:	63	\$67,500	\$72,750	\$78,750
Deputies @ 66%:	20	\$44,550	\$48,015	\$51,975
Deputies @ 60%:	29	\$40,500	\$43,650	\$47,250
Total Number	582			

The salaries of magistrates are defined in statute as 80% of the salary of a trial court judge (IC 33-4-7-9.1). The salaries of juvenile court magistrates are also 80% of the salary of trial court judges, but the county pays \$41,393 of the total salary (IC 33-13-12-8.2). The salaries of the prosecuting attorneys are the same as the salaries of the judges of the circuit court (IC 33-14-7-5). Prosecuting attorneys may elect to work part-time. If they do, then their salary will either be 60% or 66% of the salary of a full-time prosecuting attorney, depending on whether there are correctional facilities or state mental facilities located in the county in which they serve. Deputy prosecuting attorneys who are paid by the state may also elect to work on a part-time basis. Part-time deputy prosecuting attorneys are paid 75% of the salary of prosecuting attorneys (IC 33-14-7-2).

The added costs for salaries for these judicial officers include the added salary expenses, the added costs for social security payments, and the added costs for pension liabilities. The total impact on the state General Fund is described in the following table.

Estimated Costs:	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Judges & Magistrates:				
Salaries	\$1,289,050	\$2,578,100	\$4,040,050	\$5,502,000
Life and Disability Insurance	\$32,355	\$64,710	\$101,405	\$138,100
Social Security and Medicare	\$30,149	\$60,298	\$94,590	\$128,883
Judges Retirement Fund	\$108,516	\$217,031	\$568,084	\$919,137
Prosecuting Attorneys:				
Salaries	\$525,000	\$1,050,000	\$1,650,000	\$2,250,000
Life and Disability Insurance	\$13,178	\$26,355	\$41,415	\$56,475
Social Security and Medicare	\$26,514	\$53,028	\$83,306	\$113,584
Pros. Attys. Retirement Fund:	<u>\$5,691</u>	<u>\$11,382</u>	<u>\$29,592</u>	<u>\$47,802</u>
Additional Expenditures:	\$2,030,452	\$4,060,904	\$6,608,443	\$9,155,981
Added Revenues From Court Management Fee	<u>\$7,454,100</u>	<u>\$7,454,100</u>	<u>\$14,908,200</u>	<u>\$14,908,200</u>
NET INCREASE IN STATE GENERAL FUND:	<u>\$5,423,648</u>	<u>\$3,393,196</u>	<u>\$8,299,757</u>	<u>\$5,752,219</u>

Explanation of State Revenues: *Fees:* This bill would establish a Court Management Fee of \$8 effective July 1, 2001, and a \$16 fee effective July 1, 2003. This fee would be assessed on all civil and criminal cases.

An \$8 fee is estimated to generate \$7.4 M. in a 12-month period. A \$16 fee is estimated to generate \$14.9 M. This fee revenue would be deposited in the State General Fund.

Salaries: Court officers' additional income would be subject to the 3.4% state income tax. Based on the estimated increase in salaries, the state would collect an additional \$61,678 in income taxes in FY 2003 and \$123,355 in FY 2004. Similarly, if half of the additional income is used to purchase taxable items, the state would collect an additional \$45,000 in sales taxes in FY 2003 and \$90,000 in FY 2004.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Fees:* The Records Management Fee would be deposited in the clerk's Record Perpetuation Fund. A \$1 fee, which would begin July 1, 2001, is estimated to generate \$931,763 for a 12-month period. This fee would be increased to a \$2 fee, effective July 1, 2003, and is estimated to generate \$1,863,525 for a 12-month period.

	<u>CY 2001</u>	<u>CY 2002</u>	<u>CY 2003</u>	<u>CY 2004</u>	<u>CY 2005</u>
Counties:	\$384,917	\$769,835	\$1,154,752	\$1,539,670	\$1,539,670
Cities and Towns:	<u>\$80,964</u>	<u>\$161,928</u>	<u>\$242,892</u>	<u>\$323,855</u>	<u>\$323,855</u>
Total Added Revenue:	<u>\$465,881</u>	<u>\$931,763</u>	<u>\$1,397,644</u>	<u>\$1,863,525</u>	<u>\$1,863,525</u>

Salaries: Counties with a local option income tax may experience a minimal increase in income tax revenue.

State Agencies Affected: State Supreme Court, Court of Appeals, Tax Court.

Local Agencies Affected: Trial courts, prosecuting attorneys.

Information Sources: 1999 Judicial Services Report.